
BLUE CROSS BLUE SHIELD
LEGACY MEDICARE SUPPLEMENTAL/MEDIGAP INSURANCE

TO: MICHIGAN HOUSE INSURANCE COMMITTEE
FROM: JO MURPHY, EXECUTIVE DIRECTOR
MICHIGAN MEDICARE/MEDICAID ASSISTANCE PROGRAM (MMAP)
SUBJECT: MAINTAINING INSURANCE OF LAST RESORT
DATE: NOVEMBER 19, 2012

I am requesting that you amend the pending legislation to preserve the Blue Cross Legacy Medicare Supplemental/Medigap Insurance as the "insurance of last resort" for Michigan residents whose primary health insurance is Medicare.

Medicare is health insurance for older adults and people with disabilities.

Blue Cross Legacy is an individual health insurance policy that Medicare beneficiaries purchase to cover deductibles and co-insurance that are required with traditional Medicare. A service must be covered by Medicare for the Legacy policy to pay; it does not add additional services to Medicare coverage.

I have provided service to people with Medicare for more than 20 years and would like to share the following observations with you.

In Michigan approximately 1.6 million individuals rely on Medicare as their primary health insurance. Medicare does not provide full coverage; most Medicare services require a partial payment be made by beneficiaries. See the attached two-sided chart (blue); please note the "You Pay" column. This is the reason Medicare beneficiaries must purchase individual policies to have full health care coverage.

Over 200,000 Michigan residents depend on the Legacy insurance. There is no other comparable product for sale in Michigan. More expensive products may force people into the Medicaid program.

The Affordable Care Act (ACA) protections do not apply to Medicare supplemental insurance. Consequently people seeking individual policies will be subject to underwriting, pre-existing conditions, unequal pricing and denial of coverage without Blue Cross as the insurer of last resort.

The two groups of individuals who have Medicare and purchase supplemental insurance are not preferred customers by the insurers, they are aged and disabled. These are precisely the Michigan residents who need our protection.

It has been said that Medicare Advantage policies offer equal or better coverage than supplemental insurance, this is not true. Advantage plans may have lower monthly premiums but they have many out-of-pocket costs. The deductibles and co-payments creating out-of-pocket costs must be paid by the consumer because federal law prohibits the sale of insurance to cover these expenses. The Advantage plans can work well for beneficiaries with good health.

Our program sees large numbers of people every year who did not understand the associated costs of Medicare Advantage products. Many come to us with thousands of dollars in unpaid medical bills and no resources to pay the money owed to providers.

The people who use our services are low and moderate income individuals; they are seeking information so that they can make responsible decisions about their health care benefits. As people age or if they become disabled health care often becomes the most important factor in their life.

Good health care coverage prevents financial ruin and provides peace of mind for Michigan's most vulnerable citizens.

The people we serve are responsible and want to pay their own way. They need affordable options to allow them to be self-sufficient. No one wants to use Medicaid if they have other options.

Legacy insurance provides financial security for older adults and saves the State of Michigan money that might otherwise have to be paid by Medicaid.

Please maintain the insurance of last resort for Michigan residents who rely on Medicare for their primary health coverage.

In closing, there is a need to amend the proposed legislation to:

- 1) Maintain Blue Cross Legacy as insurance of last resort for people with Medicare,
- 2) Provide financial security and self-sufficiency for people with Medicare and,
- 3) Keep Medicaid costs down by keeping an affordable insurance option for Medicare beneficiaries.

2013 Medicare Part A

Services	Benefit	Medicare Pays	You Pay
HOSPITALIZATION Semi-private room and board, general nursing, and other hospital services and supplies	First 60 days 61 st to 90 th day 91 st to 150 th day Beyond 150 days	All but \$1,184 All but \$296 a day All but \$592 a day Nothing	\$1,184 - deductible \$296 a day - coinsurance \$592 a day - coinsurance All Costs
SKILLED NURSING FACILITIES Semi-private room and board, skilled nursing and rehabilitative services, and other services and supplies are covered following a 3-day hospital stay as long as you meet Medicare conditions	First 20 days Additional 80 days Beyond 100 days	100% of approved amount All but \$148 a day Nothing	Nothing \$148 a day - coinsurance All costs
HOME HEALTH CARE Part-time or intermittent skilled care, home health aide services, durable medical equipment and supplies and other services	Up to 100 visits following a 3-day hospital stay as long as you meet Medicare conditions	100% of approved amount; 80% of approved amount for durable medical equipment	Nothing for services; 20% of approved amount for durable medical equipment
HOSPICE CARE Pain relief, symptom management and support services for the terminally ill.	For as long as doctor certifies need	All but Limited costs and for outpatient drugs and inpatient respite care	Limited costs for outpatient drugs and inpatient respite care
BLOOD When furnished by a hospital or skilled nursing facility during a covered stay	Unlimited if medically necessary	All but first 3 pints per calendar year	For the first 3 pints

To Purchase Part A: \$441/month for persons with 30 or less credits of MC covered employment
\$243/month for persons with between 30-39 credits of MC covered employment

2013 Medicare Part B

Services	Benefit	Medicare Pays	You Pay
MEDICAL EXPENSES Doctors' services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment and other services.	Unlimited if medically necessary	80% of approved amount (after \$147 deductible) 65% for most outpatient mental health services	\$147 deductible, plus 20% of approved amount and limited charges above approved amount
CLINICAL LABORATORY SERVICES Blood tests, urinalysis, and more	Unlimited if medically necessary	Generally 100% of approved amounts	Nothing for services
HOME HEALTH CARE Part-time or intermittent skilled care, home health aide services, durable medical equipment and supplies and other services	Unlimited as long as you meet Medicare Conditions	100% of approved amount; 80% of approved amount for durable medical equipment	Nothing for services; 20% of approved amount for durable medical equipment
OUTPATIENT HOSPITAL TREATMENT Services for the diagnosis or treatment of illness or injury	Unlimited if medically necessary	Medicare payment to hospital based on hospital cost	20% of billed amount (after \$147 deductible)
BLOOD	Unlimited if medically necessary	80% of approved amount (after \$147 deductible and starting with the 4 th pint)	For the first 3 pints plus 20% of approved amount for additional pints

2013 PART B MONTHLY PREMIUM: \$104.90

If a Medicare beneficiary's annual income is above \$85,000 (individual or married filing separately) or \$170,000 (married filing jointly) the Part B premium will be higher, adjusted annually according to income.